

ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

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NAIC Group Code	3414 (Current Period)	3414 (Prior Period)	NAIC Company Code	11557	Employer's ID Number	32-0026448
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Date Incorporated or Organized	09/25/2002		Date Commenced Business	01/01/2003		
Statutory Home Office	2301 Commonwealth Blvd. (Street and Number)		Ann Arbor, MI 48377 (City, or Town, State and Zip Code)			
Main Administrative Office	2301 Commonwealth Blvd. (Street and Number)					
	Ann Arbor, MI 48105 (City or Town, State and Zip Code)		(734)747-8700 (Area Code) (Telephone Number)			
Mail Address	2301 Commonwealth Blvd. (Street and Number or P.O. Box)		Ann Arbor, MI 48105 (City, or Town, State and Zip Code)			
Primary Location of Books and Records	2301 Commonwealth Blvd. (Street and Number)					
	Ann Arbor, MI 48105 (City, or Town, State and Zip Code)		(734)747-8700 (Area Code) (Telephone Number)			
Internet Website Address						
Statutory Statement Contact	Tonya D. Moore (Name)		(734)332-2351 (Area Code)(Telephone Number)(Extension)			
	Tdmooore@mcare.med.umich.edu (E-Mail Address)		(734)332-2177 (Fax Number)			
Policyowner Relations Contact	2301 Commonwealth Blvd. (Street and Number)					
	Ann Arbor, MI 48105 (City, or Town, State and Zip Code)		(734)913-2211 (Area Code) (Telephone Number)(Extension)			

OFFICERS

President	Zelda Geyer-Sylvia
Secretary	Larry Warren
Treasurer	Douglas L. Strong

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Zelda Geyer-Sylvia
Robert P. Kelch M.D.

State of Michigan
County of Washtenaw ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Zelda Geyer-Sylvia	Larry Warren	Douglas L. Strong
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Treasurer

Subscribed and sworn to before me this _____ day of _____, 2004	a. Is this an original filing?	Yes[X] No[]
	b. If no,	
	1. State the amendment number	_____
	2. Date filed	_____
	3. Number of pages attached	_____

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	1,066,928		1,066,928	1,048,319
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$..... Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$.....210,174 Schedule DA)	210,174		210,174	
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	1,277,102		1,277,102	1,048,319
11.	Investment income due and accrued	9		9	
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection	78,297		78,297	
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers				
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans				
15.1	Current federal and foreign income tax recoverable and interest thereon				
15.2	Net deferred tax asset				
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software				
18.	Furniture and equipment, including health care delivery assets (\$.....)				
19.	Net adjustment in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates	730,711		730,711	
21.	Health care (\$.....) and other amounts receivable	1,099,769		1,099,769	
22.	Other assets nonadmitted				
23.	Aggregate write-ins for other than invested assets	52,792		52,792	
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,238,680		3,238,680	1,048,319
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	3,238,680		3,238,680	1,048,319
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Prepaid Expense and Other Receivable	52,792		52,792	
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	52,792		52,792	

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	1,099,769		1,099,769	
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses				
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	22,055		22,055	
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)				
22.	TOTAL Liabilities (Lines 1 to 21)	1,121,824		1,121,824	
23.	Common capital stock	X X X	X X X		
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X	1,750,000	1,050,000
26.	Surplus notes	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	366,856	(1,681)
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	TOTAL capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	2,116,856	1,048,319
31.	TOTAL Liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	3,238,680	1,048,319
DETAILS OF WRITE-INS					
2101.	.....			
2102	.....			
2103	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	178,205	
2.	Net premium income (including \$..... non-health premium income)	X X X	26,374,711	
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(1,023,554)	
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL revenues (Lines 2 to 7)	X X X	25,351,157	
Hospital and Medical:				
9.	Hospital/medical benefits		17,037,410	
10.	Other professional services			
11.	Outside referrals			
12.	Emergency room and out-of-area			
13.	Prescription drugs		4,274,305	
14.	Aggregate write-ins for other hospital and medical	375,221	1,244,285	
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)	375,221	22,556,000	
Less:				
17.	Net reinsurance recoveries			
18.	TOTAL hospital and medical (Lines 16 minus 17)	375,221	22,556,000	
19.	Non-health claims			
20.	Claims adjustment expenses			
21.	General administrative expenses		2,437,381	
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	TOTAL underwriting deductions (Lines 18 through 22)	375,221	24,993,381	
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	357,776	
25.	Net investment income earned		10,760	
26.	Net realized capital gains or (losses)			(1,681)
27.	Net investment gains or (losses) (Lines 25 plus 26)		10,760	(1,681)
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	368,536	(1,681)
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	368,536	(1,681)
DETAILS OF WRITE-INS				
0601.	Quality Assurance Assessment Fee	X X X	(1,023,554)	
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(1,023,554)	
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Misc. Health and Mental Health	374,323	1,240,481	
1402.	Stop Loss Insurance	898	3,804	
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	375,221	1,244,285	
2901	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	1,048,319	
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	368,536	(1,681)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets		
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in	700,000	1,050,000
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	1,068,536	1,048,319
49.	Capital and surplus end of reporting year (Line 33 plus 48)	2,116,855	1,048,319
DETAILS OF WRITE-INS			
4701	.....	
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	26,296,414	
2.	Net investment income	10,751	
3.	Miscellaneous income	(1,023,554)	
4.	Total (Lines 1 through 3)	25,283,611	
5.	Benefit and loss related payments	21,456,231	
6.	Net transfers to Separate, Segregated and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	2,415,326	
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$...... net tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	23,871,557	
11.	Net cash from operations (Lines 4 minus 10)	1,412,054	
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	5,403	
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash and short-term investments		
12.7	Miscellaneous proceeds	37,190	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	42,593	
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	61,202	1,050,000
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	61,202	1,050,000
14.	Net increase (or decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(18,609)	(1,050,000)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	700,000	
16.3	Borrowed funds received		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(1,883,272)	
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,183,272)	
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Line 15, plus Line 17)	210,173	(1,050,000)
19.	Cash and short-term investments:		
19.1	Beginning of year		
19.2	End of year (Line 18 plus Line 19.1)	210,173	(1,050,000)

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income	26,374,711							26,374,711					
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of \$..... medical expenses)													X X X
4.	Risk revenue													X X X
5.	Aggregate write-ins for other health care related revenues	(1,023,554)							(1,023,554)					X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL revenues (Lines 1 to 6)	25,351,157							25,351,157					
8.	Hospital/medical benefits	17,037,410							17,037,410					X X X
9.	Other professional services													X X X
10.	Outside referrals													X X X
11.	Emergency room and out-of-area													X X X
12.	Prescription drugs	4,274,305							4,274,305					X X X
13.	Aggregate write-ins for other hospital and medical	1,244,285							1,244,285					X X X
14.	Incentive pool, withhold adjustments and bonus amounts													X X X
15.	Subtotal (Lines 8 to 14)	22,556,000							22,556,000					X X X
16.	Net reinsurance recoveries													X X X
17.	TOTAL hospital and medical (Lines 15 minus 16)	22,556,000							22,556,000					X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses													
20.	General administrative expenses	2,437,381							2,437,381					
21.	Increase in reserves for accident and health contracts													X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL underwriting deductions (Lines 17 to 22)	24,993,381							24,993,381					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	357,776							357,776					
DETAILS OF WRITE-INS														
0501.	Quality Assurance Assessment Fee	(1,023,554)							(1,023,554)					X X X
0502	.....													X X X
0503	.....													X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page													X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(1,023,554)							(1,023,554)					X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Misc Health and Mental Health	1,240,481							1,240,481					X X X
1302.	Stop-Loss Insurance	3,804							3,804					X X X
1303	.....													X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	1,244,285							1,244,285					X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid	26,374,711	.....	.....	26,374,711
8.	Stop loss .....	.....	.....	.....	.....
9.	Disability income .....	.....	.....	.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11)	26,374,711	.....	.....	26,374,711
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14)	26,374,711	26,374,711

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct	21,456,231							21,456,231					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net	21,456,231							21,456,231					
2.	Paid medical incentive pools and bonuses													
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct	1,099,769							1,099,769					
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net	1,099,769							1,099,769					
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													
5.	Accrued medical incentive pools and bonuses, current year													
6.	Amounts recoverable from reinsurers December 31, current year													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct													
	7.2 Reinsurance assumed													
	7.3 Reinsurance ceded													
	7.4 Net													
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct													
	8.2 Reinsurance assumed													
	8.3 Reinsurance ceded													
	8.4 Net													
9.	Accrued medical incentive pools and bonuses, prior year													
10.	Amounts recoverable from reinsurers December 31, prior year													
11.	Incurred benefits:													
	11.1 Direct	22,556,000							22,556,000					
	11.2 Reinsurance assumed													
	11.3 Reinsurance ceded													
	11.4 Net	22,556,000							22,556,000					
12.	Incurred medical incentive pools and bonuses													

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

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		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct													
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net													
2.	Incurred but Unreported:													
	2.1 Direct	1,099,769							1,099,769					
	2.2 Reinsurance assumed													
	2.3 Reinsurance ceded													
	2.4 Net	1,099,769							1,099,769					
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	TOTALS													
	4.1 Direct	1,099,769							1,099,769					
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net	1,099,769							1,099,769					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	.....	21,456,231	.....	1,099,769	.....	.....
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8) .....	.....	21,456,231	.....	1,099,769	.....	.....
10.	Other non-health .....	.....	.....	.....	.....	.....	.....
11.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11) .....	.....	21,456,231	.....	1,099,769	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior					
2.	1999					
3.	2000	X X X				
4.	2001	X X X	X X X			
5.	2002	X X X	X X X	X X X		
6.	2003	X X X	X X X	X X X	X X X	21,456

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior					
2.	1999					
3.	2000	X X X				
4.	2001	X X X	X X X			
5.	2002	X X X	X X X	X X X		
6.	2003	X X X	X X X	X X X	X X X	22,556

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	Prior to 1999	X X X			X X X		X X X				X X X
2.	1999										
3.	2000										
4.	2001										
5.	2002										
6.	2003	26,374	21,456			21,456	81.353	1,100		22,556	85.523
7.	TOTAL (Lines 1 through 6)	X X X	21,456		X X X	21,456	X X X	1,100		22,556	X X X
8.	TOTAL (Lines 2 through 6)	26,374	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior					
2.	1999					
3.	2000	X X X				
4.	2001	X X X	X X X			
5.	2002	X X X	X X X	X X X		
6.	2003	X X X	X X X	X X X	X X X	21,456

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior					
2.	1999					
3.	2000	X X X				
4.	2001	X X X	X X X			
5.	2002	X X X	X X X	X X X		
6.	2003	X X X	X X X	X X X	X X X	22,556

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	Prior to 1999	X X X			X X X		X X X				X X X
2.	1999										
3.	2000										
4.	2001										
5.	2002										
6.	2003	26,374	21,456			21,456	81.353	1,100		22,556	85.523
7.	TOTAL (Lines 1 through 6)	X X X	21,456		X X X	21,456	X X X	1,100		22,556	X X X
8.	TOTAL (Lines 2 through 6)	26,374	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other..... NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other..... NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other..... NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve - NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building)
2. Salaries, wages and other benefits
3. Commissions (less \$..... ceded plus \$..... assumed)
4. Legal fees and expenses
5. Certifications and accreditation fees
6. Auditing, actuarial and other consulting services
7. Traveling expenses
8. Marketing and advertising
9. Postage, express and telephone
10. Printing and office supplies
11. Occupancy, depreciation and amortization
12. Equipment
13. Cost or depreciation of EDP equipment and software
14. Outsourced services including EDP, claims, and other services
15. Boards, bureaus and association fees
16. Insurance, except on real estate
17. Collection and bank service charges
18. Group service and administration fees
19. Reimbursements by uninsured accident and health plans
20. Reimbursements from fiscal intermediaries
21. Real estate expenses
22. Real estate taxes
23. Taxes, licenses and fees:
23.1 State and local insurance taxes
23.2 State premium taxes
23.3 Regulator authority licenses and fees
23.4 Payroll taxes
23.5 Other (excluding federal income and real estate taxes)
24. Investment expenses not included elsewhere
25. Aggregate write-ins for expenses	2,437,381	.....	2,437,381
26. Total expenses incurred (Lines 1 to 25)	2,437,381	.....	(a)..... 2,437,381
27. Less expenses unpaid December 31, current year	22,055	.....	22,055
28. Add expenses unpaid December 31, prior year
29. Amounts receivable relating to uninsured accident and health plans, prior year
30. Amounts receivable relating to uninsured accident and health plans, current year
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	2,415,326	.....	2,415,326
DETAILS OF WRITE-INS				
2501. Fees Under the Management Agreement	2,437,381	.....	2,437,381
2502
2503
2598. Summary of remaining write-ins for Line 25 from overflow page
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	2,437,381	.....	2,437,381

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 61,203	
1.1	Bonds exempt from U.S. tax	(a).....	
1.2	Other bonds (unaffiliated)	(a).....	
1.3	Bonds of affiliates	(a).....	
2.1	Preferred stocks (unaffiliated)	(b).....	
2.11	Preferred stocks of affiliates	(b).....	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d).....	
5.	Contract loans		
6.	Cash/short-term investments	(e)..... 9	
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	61,212	
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16)		
DETAILS OF WRITE-INS			
0901	.....	
0902	.....	
0903	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501	.....	
1502	.....	
1503	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash/short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)					
DETAILS OF WRITE-INS						
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

		1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 12 to 20, Column 2			
2.	Other Nonadmitted Assets:			
2.1	Bills receivable			
2.2	Leasehold improvements			
2.3	Cash advanced to or in the hands of officers and agents			
2.4	Loans on personal security, endorsed or not			
2.5	Commuted commissions			
3.	Total (Lines 2.1 to 2.5)			
4.	Aggregate write-ins for other assets			
5.	TOTAL (Line 1 plus Line 3 and Line 4)			
DETAILS OF WRITE-INS				
0401	.....		
0402	.....		
0403	.....		
0498.	Summary of remaining write-ins for Line 4 from overflow page			
0499.	TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)			

NONE

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	.....	..... 14,626	..... 14,912	..... 15,211	..... 15,040	..... 178,205
2.	Provider Service Organizations .....	.....	.....	.....	.....	.....	.....
3.	Preferred Provider Organizations .....	.....	.....	.....	.....	.....	.....
4.	Point of Service .....	.....	.....	.....	.....	.....	.....
5.	Indemnity Only .....	.....	.....	.....	.....	.....	.....
6.	Aggregate write-ins for other lines of business .....	.....	.....	.....	.....	.....	.....
7.	TOTAL .....	.....	..... 14,626	..... 14,912	..... 15,211	..... 15,040	..... 178,205
DETAILS OF WRITE-INS							
0601	.....	.....	.....	.....	.....	.....	.....
0602	.....	.....	.....	.....	.....	.....	.....
0603	.....	.....	.....	.....	.....	.....	.....
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	.....	.....	.....	.....	.....	.....
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	.....	.....	.....	.....	.....	.....

Notes to Financial Statement

M-CAID

Notes to Statutory Filing
December 31, 2003

Note 1-Operations and Summary of Significant Accounting Policies

Summary of Significant Accounting Policies: The financial statements have been prepared in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual except to the extent that the laws of the State of Michigan differ. The State of Michigan adopted codification guidance effective January 1, 2003.

For the purposes of the Statement of Cash Flows, highly liquid investments, excluding noncurrent investments, with an original maturity of three months or less are considered cash equivalents.

Investments in marketable securities are carried at fair value, as established by the major securities markets. Purchases and sales of investments are accounted for on a trade date basis. Investment income, including interest income, dividends, and realized and unrealized gains and losses on investments, is recorded on an accrual basis.

The Corporation contracts with various health care providers for the provision of medical care services to its subscribers. The Corporation compensates providers under capitation and fee-for-service arrangements. Expenses for health care services are accrued as they are rendered, including an estimate of expenses incurred but not reported. The methods for making such estimates are regularly reviewed and updated, and any adjustments resulting therein are reflected in current operations.

Subscription premiums are recognized as revenue in the period in which the member is entitled to service. Premiums collected prior to the effective date of coverage are classified as unearned subscription income.

The preparation of financial statements in conformity with the Annual Statement Instructions and *Accounting Practices and Procedures* manual requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Accounting Changes and Corrections of Errors

This note does not apply to the Corporation in this period.

Note 3 - Business Combinations and Goodwill

This note does not apply to the Corporation in this period.

Note 4 - Discontinued Operations

This note does not apply to the Corporation in this period.

Note 5 - Investments

The Corporation had no investments in mortgage loans, debt restructuring, reverse mortgages, loan-backed securities, repurchase agreements, or real estate.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

This note does not apply to the Corporation in this period.

Note 7 - Investment Income

This note does not apply to the Corporation in this period.

Note 8 - Derivative Instruments

This note does not apply to the Corporation in this period.

Notes to Financial Statement

Note 9 - Income Taxes

The Corporation is a not-for-profit 501(C)(4) corporation, and is not subject to federal, state, or local income taxes.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

During 2002, the Corporation received \$1,050,000 from M-CARE to establish the Corporation. The Corporation received an additional 700,000 from M-Care in 2003. In addition, the Corporation paid M-CARE \$2,437,381 in 2003 for services rendered under the management agreement.

Note 11 - Subordinated Note Payable

This note does not apply to the Corporation in this period.

Note 12 - Retirement Plan, Postemployment Benefits

This note does not apply to the Corporation in this period.

Note 13 - Capital and Surplus

The Corporation is wholly owned by M-CARE. There are no shares of stock authorized or issued.

Note 14 - Contingencies

This note does not apply to the Corporation in this period.

Note 15 - Leases

This note does not apply to the Corporation in this period.

Note 16 - Financial Instruments with Off - Balance Sheet Risk

This note does not apply to the Corporation in this period.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note does not apply to the Corporation in this period.

Note 18 - Gain or Loss from Uninsured Plans

This note does not apply to the Corporation in this period.

Note 19 - Direct Premium Written / Produced by Managing General Agents / Third Party Administrators

This note does not apply to the Corporation in this period.

Note 20 - Other Items

This note does not apply to the Corporation in this period.

Note 21 - Events Subsequent

This note does not apply to the Corporation in this period.

Note 22 - Reinsurance

This note does not apply to the Corporation in this period.

Note 23 - Retrospectively Rated Contracts

This note does not apply to the Corporation in this period.

Notes to Financial Statement

Note 24 - Change in Incurred Claims and Claim Adjustment Expenses

This note does not apply to the Corporation in this period.

Note 25 - Intercompany Pooling Arrangements

This note does not apply to the Corporation in this period.

Note 26 - Structured Settlements

This note does not apply to the Corporation in this period.

Note 27 - Health Care Receivables

This note does not apply to the Corporation in this period.

Note 28 - Participating Policies

This note does not apply to the Corporation in this period.

Note 29 - Premium Deficiency Reserves

This note does not apply to the Corporation in this period.

Note 30 - Anticipated Salvage and Subrogation

This note does not apply to the Corporation in this period.

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	1,066,928	83.543	1,066,928	83.543
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA				
1.512	Issued by FNMA and FHLMC				
1.513	Privately issued				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523	All other privately issued				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash and short-term investments	210,174	16.457	210,174	16.457
9.	Other invested assets				
10.	Total invested assets	1,277,102	100.000	1,277,102	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[] No[] N/A[X]
.....
- 1.3 State Regulating?

.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
.....
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....
- 3.4 By what department or departments?

.....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

.....
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

.....
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

.....

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:

.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,

..... %
- 7.21 State the percentage of foreign control

.....
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

.....

1	2
Nationality	Type of Entity
.....

GENERAL INTERROGATORIES (continued)

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
..... Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Price Waterhouse Coopers LLP, 400 Renaissance Center, Detroit, MI 48243-1507
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Price Waterhouse Coopers LLP, One North Wacker Drive, Chicago, IL 60622- Actuary
11.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[X]
- 11.3

Have there been any changes made to any of the trust indentures during the year?

Yes[] No[X]
- 11.4

If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

BOARD OF DIRECTORS

12.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[] No[X]
13.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
14.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

- 15.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.11

To directors or other officers

\$
- 15.12

To stockholders not officers

\$
- 15.13

Trustees, supreme or grand (Fraternal only)

\$
- 15.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.21

To directors or other officers

\$
- 15.22

To stockholders not officers

\$
- 15.23

Trustees, supreme or grand (Fraternal only)

\$
- 16.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 16.2

If yes, state the amount thereof at December 31 of the current year:
- 16.21

Rented from others

\$
- 16.22

Borrowed from others

\$
- 16.23

Leased from others

\$
- 16.24

Other

\$
- Disclose in Notes to Financial the nature of each obligation.
- 17.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 17.2

If answer is yes:
- 17.21

Amount paid as losses or risk adjustment

\$
- 17.22

Amount paid as expenses

\$
- 17.23

Other amounts paid

\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class		1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2.	Common .....	.....	.....	.....	..... X X X .....	..... X X X .....	..... X X X

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes[] No[X]

19.2 If no, give full and complete information, relating thereto:
Held in trust with Mellon Bank

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1). Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21	Loaned to others	\$
20.22	Subject to repurchase agreements	\$
20.23	Subject to reverse repurchase agreements	\$
20.24	Subject to dollar repurchase agreements	\$
20.25	Subject to reverse dollar repurchase agreements	\$
20.26	Pledged as collateral	\$
20.27	Placed under option agreements	\$
20.28	Letter stock or securities restricted as to sale	\$
20.29	Other	\$

20.3 For each category above, if any of these assets are held by other, identify by whom held:

20.31
20.32
20.33
20.34
20.35
20.36
20.37
20.38
20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES (continued)

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[]

1	2
Name of Custodian(s)	Custodian's Address
Bank One	611 Woodward Ave, ste MI1-8110m Detroit, MI 48226

- 23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....

- 23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?
- 23.04 If yes, give full and complete information relating thereto:
- Yes[] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

- 23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....

- 24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 24.2 If yes, complete the following schedule:
- Yes[] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
24.2999 Total

- 24.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....

GENERAL INTERROGATORIES (Continued)

OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$

1 Name	2 Amount Paid
.....

26.1 Amount of payments for legal expenses, if any?

26.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$

1 Name	2 Amount Paid
.....

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

27.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:

.....
- 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:

.....
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:

.....
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:

.....
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:

.....
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	.....	.....
2.2	Premium Denominator .....	.....	.....
2.3	Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4	Reserve Numerator .....	.....	.....
2.5	Reserve Denominator .....	.....	.....
2.6	Reserve Ratio (2.4 / 2.5) .....	.....	.....

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:

.....
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]
- 5.2 If no, explain:

.....
- 5.3 Maximum retained risk (see instructions):

.....
- 5.31 Comprehensive Medical

\$ 200,000
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

M-Caid currently has an insolvency arrangement with Allianz Life Insurance Company for insolvency protection
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:

.....
8. Provide the following information regarding participating providers:

.....
- 8.1 Number of providers at start of reporting year

..... 1109
- 8.2 Number of providers at end of reporting year

..... 1109
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:

.....
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0

GENERAL INTERROGATORIES (continued)
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[] No[X]

10.2 If yes:

10.21 Maximum amount payable bonuses

10.22 Amount actually paid for year bonuses

10.23 Maximum amount payable withholds

10.24 Amount actually paid for year withholds

\$

\$

\$

\$

11.1 Is the reporting entity organized as:

11.12 A medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above)?

Yes[] No[X]

Yes[] No[X]

Yes[] No[X]

Yes[] No[X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[] No[X]

11.3 If yes, show the name of the state requiring such net worth.

Yes[] No[X]

11.4 If yes, show the amount required.

\$

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Livingston County
Washtenaw County
Western Wayne(48111,48152,48167,48170,48187,48188)

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	3,238,680	1,048,319			
2. Total liabilities (Page 3, Line 22)	1,121,824				
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 30)	2,116,856	1,048,319			
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	25,351,157				
6. Total medical and hospital expenses (Line 18)	22,556,000				
7. Total administrative expenses (Line 21)	2,437,381				
8. Net underwriting gain (loss) (Line 24)	357,776				
9. Net investment gain (loss) (Line 27)	10,760	(1,681)			
10. Total other income (Lines 28 plus 29)					
11. Net income or (loss) (Line 32)	368,536	(1,681)			
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	2,116,856	1,987,916			
13. Authorized control level risk-based capital	707,982	652,854			
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	15,040				
15. Total members months (Column 6, Line 7)	178,205				
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	85.5				
18. Total underwriting deductions (Line 23)	94.8				
19. Total underwriting gain (loss) (Line 24)	1.4				
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)					
21. Estimated liability of unpaid claims-[prior year (Line 12, Col. 6)] ..					
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	1,066,928	1,066,928	1,094,379	993,139
	2. Canada				
	3. Other Countries				
	4. Totals	1,066,928	1,066,928	1,094,379	993,139
States, Territories and Possessions (Direct and Guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals				
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals				
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	1,066,928	1,066,928	1,094,379	993,139
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	1,066,928	1,066,928	1,094,379	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.	1,048,319	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.	61,202	6.1 Column 17, Part 1.	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.	
3.1 Column 16, Part 1.	(37,190)	6.3 Column 11, Part 2, Section 2.	
3.2 Column 12, Part 2, Section 1.		6.4 Column 11, Part 4.	
3.3 Column 10, Part 2, Section 2.			
3.4 Column 10, Part 4.	(37,190)	7. Book/adjusted carrying value at end of current period.	1,066,928
4. Total gain (loss), Column 14, Part 4.		8. Total valuation allowance.	
5. Deduct consideration for bonds and stocks disposed of		9. Subtotal (Lines 7 plus 8).	1,066,928
Column 6, Part 4.	5,403	10. Total nonadmitted assets.	
		11. Statement value of bonds and stocks, current period.	1,066,928

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL)	No	No .....	.....	.....	.....	.....	.....	.....
2.	Alaska (AK)	No	No .....	.....	.....	.....	.....	.....	.....
3.	Arizona (AZ)	No	No .....	.....	.....	.....	.....	.....	.....
4.	Arkansas (AR)	No	No .....	.....	.....	.....	.....	.....	.....
5.	California (CA)	No	No .....	.....	.....	.....	.....	.....	.....
6.	Colorado (CO)	No	No .....	.....	.....	.....	.....	.....	.....
7.	Connecticut (CT)	No	No .....	.....	.....	.....	.....	.....	.....
8.	Delaware (DE)	No	No .....	.....	.....	.....	.....	.....	.....
9.	District of Columbia (DC)	No	No .....	.....	.....	.....	.....	.....	.....
10.	Florida (FL)	No	No .....	.....	.....	.....	.....	.....	.....
11.	Georgia (GA)	No	No .....	.....	.....	.....	.....	.....	.....
12.	Hawaii (HI)	No	No .....	.....	.....	.....	.....	.....	.....
13.	Idaho (ID)	No	No .....	.....	.....	.....	.....	.....	.....
14.	Illinois (IL)	No	No .....	.....	.....	.....	.....	.....	.....
15.	Indiana (IN)	No	No .....	.....	.....	.....	.....	.....	.....
16.	Iowa (IA)	No	No .....	.....	.....	.....	.....	.....	.....
17.	Kansas (KS)	No	No .....	.....	.....	.....	.....	.....	.....
18.	Kentucky (KY)	No	No .....	.....	.....	.....	.....	.....	.....
19.	Louisiana (LA)	No	No .....	.....	.....	.....	.....	.....	.....
20.	Maine (ME)	No	No .....	.....	.....	.....	.....	.....	.....
21.	Maryland (MD)	No	No .....	.....	.....	.....	.....	.....	.....
22.	Massachusetts (MA)	No	No .....	.....	.....	.....	.....	.....	.....
23.	Michigan (MI)	No	Yes .....	.....	.....	26,374,711	.....	.....	.....
24.	Minnesota (MN)	No	No .....	.....	.....	.....	.....	.....	.....
25.	Mississippi (MS)	No	No .....	.....	.....	.....	.....	.....	.....
26.	Missouri (MO)	No	No .....	.....	.....	.....	.....	.....	.....
27.	Montana (MT)	No	No .....	.....	.....	.....	.....	.....	.....
28.	Nebraska (NE)	No	No .....	.....	.....	.....	.....	.....	.....
29.	Nevada (NV)	No	No .....	.....	.....	.....	.....	.....	.....
30.	New Hampshire (NH)	No	No .....	.....	.....	.....	.....	.....	.....
31.	New Jersey (NJ)	No	No .....	.....	.....	.....	.....	.....	.....
32.	New Mexico (NM)	No	No .....	.....	.....	.....	.....	.....	.....
33.	New York (NY)	No	No .....	.....	.....	.....	.....	.....	.....
34.	North Carolina (NC)	No	No .....	.....	.....	.....	.....	.....	.....
35.	North Dakota (ND)	No	No .....	.....	.....	.....	.....	.....	.....
36.	Ohio (OH)	No	No .....	.....	.....	.....	.....	.....	.....
37.	Oklahoma (OK)	No	No .....	.....	.....	.....	.....	.....	.....
38.	Oregon (OR)	No	No .....	.....	.....	.....	.....	.....	.....
39.	Pennsylvania (PA)	No	No .....	.....	.....	.....	.....	.....	.....
40.	Rhode Island (RI)	No	No .....	.....	.....	.....	.....	.....	.....
41.	South Carolina (SC)	No	No .....	.....	.....	.....	.....	.....	.....
42.	South Dakota (SD)	No	No .....	.....	.....	.....	.....	.....	.....
43.	Tennessee (TN)	No	No .....	.....	.....	.....	.....	.....	.....
44.	Texas (TX)	No	No .....	.....	.....	.....	.....	.....	.....
45.	Utah (UT)	No	No .....	.....	.....	.....	.....	.....	.....
46.	Vermont (VT)	No	No .....	.....	.....	.....	.....	.....	.....
47.	Virginia (VA)	No	No .....	.....	.....	.....	.....	.....	.....
48.	Washington (WA)	No	No .....	.....	.....	.....	.....	.....	.....
49.	West Virginia (WV)	No	No .....	.....	.....	.....	.....	.....	.....
50.	Wisconsin (WI)	No	No .....	.....	.....	.....	.....	.....	.....
51.	Wyoming (WY)	No	No .....	.....	.....	.....	.....	.....	.....
52.	American Samoa (AS)	No	No .....	.....	.....	.....	.....	.....	.....
53.	Guam (GU)	No	No .....	.....	.....	.....	.....	.....	.....
54.	Puerto Rico (PR)	No	No .....	.....	.....	.....	.....	.....	.....
55.	U.S. Virgin Islands (VI)	No	No .....	.....	.....	.....	.....	.....	.....
56.	Canada (CN)	No	No .....	.....	.....	.....	.....	.....	.....
57.	Aggregate other alien (OT)	X X X	X X X .....	.....	.....	.....	.....	.....	.....
58.	TOTAL (Direct Business)	X X X	(a). 1 .....	.....	.....	26,374,711	.....	.....	.....
DETAILS OF WRITE-INS									
5701	.....			.....	.....	.....	.....	.....	.....
5702	.....			.....	.....	.....	.....	.....	.....
5703	.....			.....	.....	.....	.....	.....	.....
5798.	Summary of remaining write-ins for Line 57 from overflow page .....			.....	.....	.....	.....	.....	.....
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) ..			.....	.....	.....	.....	.....	.....

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

PART 1---ORGANIZATION CHART

